

**§ 723.9 How do you calculate the aggregate 15% limit?**

(a) *Step 1.* Calculate the numerator by adding together the total outstanding balance of member business loans to any one member, or group of associated members. From this amount, subtract any portion:

- (1) Secured by shares in the credit union;
- (2) Secured by deposits in another federally insured financial institution;
- (3) Fully or partially insured or guaranteed by any agency of the Federal government, state, or its political subdivisions;
- (4) Subject to an advance commitment to purchase by any agency of the Federal government, state, or its political subdivisions.

(b) *Step 2.* Divide the numerator by all reserves, excluding the Allowance for Loan Losses account.

**§ 723.10 What loan limit waivers are available?**

In addition to an individual waiver from the personal liability and guarantee requirement, you also may seek a waiver for a category of loans in the following areas:

- (a) Loan-to-value ratios;
- (b) Maximum loan amount to one borrower or associated group of borrowers; and
- (c) Construction and development loan limits.

**§ 723.11 How do you obtain a waiver?**

To obtain a waiver, a federal credit union must submit a request to the Regional Director. A state chartered federally insured credit union must submit the request to its state supervisory authority. If the state supervisory authority approves the request, the state regulator will forward the request to the Regional Director. A waiver is not effective until it is approved by the Regional Director. The waiver request must contain the following:

- (a) A copy of your business lending policy;
- (b) The higher limit sought;
- (c) An explanation of the need to raise the limit;
- (d) Documentation supporting your ability to manage this activity; and

(e) An analysis of the credit union's prior experience making member business loans, including as a minimum:

- (1) The history of loan losses and loan delinquency;
- (2) Volume and cyclical or seasonal patterns;
- (3) Diversification;
- (4) Concentrations of credit to one borrower or group of associated borrowers in excess of 15% of reserves (excluding the Allowance for Loan Losses account);
- (5) Underwriting standards and practices;
- (6) Types of loans grouped by purpose and collateral; and
- (7) The qualifications of personnel responsible for underwriting and administering member business loans.

**§ 723.12 What will NCUA do with my waiver request?**

Your Regional Director will:

- (a) Review the information you provided in your request;
- (b) Evaluate the level of risk to your credit union;
- (c) Consider your credit union's historical CAMEL composite and component ratings when evaluating your request; and
- (d) Notify you of the action taken within 45 calendar days of receiving the request from the federal credit union or the state supervisory authority. If you do not receive notification within 45 calendar days of the date the request was received by the regional office, the credit union may assume approval of the waiver request.

**§ 723.13 What options are available if the NCUA Regional Director denies our waiver request, or a portion of it?**

You may appeal the Regional Director's decision in writing to the NCUA Board. Your appeal must include all information requested in § 723.11 and why you disagree with your Regional Director's decision.

**§ 723.14 How do I reserve for potential losses?**

Non-delinquent loans may be classified based on factors such as the adequacy of analysis and supporting documentation. You must classify potential